



News Release

Homeland Energy Group Provides Operations Update and Outlook

- Homeland's Kendal Colliery is financed to full production
- Homeland is selling coal from Kendal and generating operating cash flow
- Control over production costs allows Homeland to plan for production increase in 2009

Toronto, Canada (April 8, 2009) - Homeland Energy Group Ltd. (TSX: HEG) ('Homeland' or 'the Company') is pleased to provide an update on operations at the Kendal Colliery and on the Eloff Mineral Project as well as an outlook on its South African operations and strategy for the Company.

In a recent interview, Homeland CEO Stephen Coates commented: "One of the reasons that coal is an enticing area for investment and increasingly attracting attention from investors is the foundation of steadily increasing longer term demand for quality thermal coal. Homeland Energy Group has succeeded in building one of the very few new coal mines in South Africa – one of the world's most prolific coal producing nations – in recent years."

"With the impending announcement of Kendal Colliery achieving Commercial Production, Homeland South Africa is making its mark as a reliable producer and provider of quality coal products to the South African (and soon international) markets. We will weather the current economic downturn by applying the coal mining and processing experience of our technical team and by modifying the Kendal Colliery's business plan accordingly. Additionally, it is most important for a coal producer to have access to rail and port facilities in order to leaver the opportunities of both domestic and international demand. Homeland is in the process of securing both."

Kendal Colliery, Mpumalanga Province, South Africa

Kendal began production in July 2008 and is continuing through the expected commissioning process to reach full operation by mid-2009. Since October 1, 2008 the

mine has produced a total of 461,934 run-of-mine (“ROM”) tonnes of coal from the colliery’s first two open cast mining box cuts. A third box cut is in the early stage of development and by May 2009 should bring Kendal’s monthly ROM production to approximately 120,000 tonnes. The initial box cut, which had a 12-month life of mine, will be phased out through the middle of 2009 and the reclamation processes will begin to return the ground to its pre-production state. Management expects total operating costs will be in the range of 270 – 300 rand per saleable tonne at full production (US\$29.45 to US\$32.50 at today’s exchange rate of US\$0.11/1 rand). March production was 109,639 ROM tonnes, in line with budget.

Sales from Kendal have been slower than predicted due to lower than expected yields and higher than average rainfall, which can be problematic in the coal washing process. The Kendal Plant will be out of commission for approximately two weeks starting in mid-April to complete the planned upgrades and to address the issue of lower yields. During this managed shut-down, the Kendal technical team will replace several problematic screens within the Parnaby wash plant, will commission an MMD mineral sizer that is being added to the processing plant and will make several other technical refinements to improve the product yields from the plant. As a result of these improvements, the Kendal Plant is expected to produce in excess of 65,000 tonnes per month of saleable coal. This is in line with initial projections.

Additionally, the Kendal business model has been adapted to address the declining prices in coal markets and to capitalize on the most economic areas of demand in South Africa. As a result, Kendal will likely further expand its production in 2010 and will increase the amount of lower grade coals being sold at better margins than the current market for export quality allows. This shift notwithstanding, Kendal continues to have the ability to produce world-class export coal and will do so as required to meet the growing demand for coal worldwide.

Coal Marketing and Logistics

The Company has received confirmation from Transnet Freight Rail (“TFR”) for allocation of up to 450,000 tonnes per annum on TFR’s South African rail network. This allocation as well as securing a local rail siding, which is currently under consideration, will allow Homeland to increase its potential domestic client base and is the first step to being able to export coal directly from Kendal Colliery. TFR maintains an extensive rail network across South Africa that connects with other rail networks in the sub-Saharan region of the continent.

Homeland is in the process of finalizing the appointment of CMS Coal Marketing Services International (Pty) Ltd. as sole marketer of Kendal Coal in South Africa. CMS is a national distributor of coal and related carbon products to industrial consumers in South Africa and as such provides market knowledge and sophistication not currently

possessed internally. CMS and its associated companies collectively manage a turnover of approximately 1.22 billion rand per annum. With the expected addition of rail capacity later in 2009, CMS will be able to sell Kendal coal to some of South Africa's largest industrial users.

Eloff Mineral Project

Exxaro Engineers of South Africa has been commissioned to finalize the pre-feasibility study of the Eloff Mineral Project. The application for a mining licence is now at the South Africa Department of Minerals and Energy and is expected to be approved in the near future. Through the next six months, the Company, along with its strategic partners at Eloff, will continue to progress the Eloff Project to the production decision stage.

The Company continues to believe that Eloff is a perfect resource for a mine-mouth power station in South Africa. The ability to additionally sell locally or export industrial product will only enhance the attractiveness of the project. Further plans for the development of Eloff will be communicated following the receipt of the Exxaro pre-feasibility study.

Following an internal review, the Company has recently re-classified the Eloff Mineral Project resources as follows:

Table 1 – Estimated Mineral Resource Summary for Eloff Mineral Project

Category	Tonnage (tonnes)
Measured	151.1 million
Indicated	99.2 million
Measured & Indicated Total	250.3 million
Inferred	210.5 million

The slight reduction in, and reclassification of, resource estimates for the Eloff Project from previous statements is the result of inconsistencies found in the seam sampling procedures in certain boreholes. It is anticipated that this situation will be reversed upon the completion of a small infill drilling program of some 30 slim core holes expected to be completed in the third quarter of 2009. Homeland views the change as a matter of technical correctness to ensure consistency in geological reporting with which management feels more comfortable.

The Qualified Person with overall responsibility for the reporting of the Internal Geological Report on the Eloff Project Mineral Development, Exploration and Resources is Graham Barry Gemmell, Pr.Sci.Nat.MGSS. Mr. Gemmell is a senior geologist employed by Homeland Mining and Energy, South Africa and is an exploration and mining geologist with over 13 years experience in the coal exploration and mining industry and has been responsible for the reporting of Mineral Resources on various coal properties in South Africa.

Outlook

Homeland Energy anticipates that it will be cash flow positive at the end of 2009, taking into account debt repayments on the Nedbank facility as well as capital expenditures for the expansion of the Kendal Colliery.

Homeland intends to build upon the platform of assets, of production and of cash flow established over the past three years and over the past 12 months in particular. The growth profile of Homeland will include three primary areas of focus: organic growth of production at Kendal Colliery and the continued development of the Eloff Mineral Property in Mpumalanga, South Africa; potential acquisitions of brown fields near operating assets in South Africa; and, diversification of assets and cash flow outside of southern Africa.

In the context of current world markets, the current economic climate and difficult commodity markets, the Company believes that efforts are most importantly directed at the Company's core of assets in South Africa. Having developed the Kendal Colliery from a brown fields acquisition in 2006 through to site preparation and construction from late 2007 and 2008, Homeland views an increase of production at Kendal as the best use of capital in the near term.

The Eloff deposit with a potential mining licence in the near future will also require continued work to progress. Pre-feasibility work, discussions with landowners and potential strategic partnerships will move this potentially massive development toward commencement of production.

In terms of strategic acquisitions, the Company will focus on South Africa, the United States and Australasia, three of the world's best and most prolific thermal coal-producing regions. The Company's failed attempt to purchase the assets of Appolo Fuels Inc. in the Central Appalachian region of the United States was a great disappointment to the Company, however, the extensive work on that acquisition and the corporate knowledge base that has been created will allow Homeland to better evaluate other opportunities in the eastern United States.

The power generation market is a natural extension of the coal production business in South Africa. Homeland will resume discussions begun earlier in 2009 with domestic and international parties for construction of a 25-75MW power generation plant at Kendal and a potential 250-500MW power generation plant at Eloff to supply power directly to large industrial customers. A 25MW pilot plant is planned for Kendal with a lead-time of approximately 12 to 18 months to commercial operation date (COD). If a pilot plant at Kendal proves successful, the Company believes that the larger power plant at Eloff may take approximately 24 months from decision date to COD.

The proposed power plant at Kendal would receive its feed from the plant discard, thus allowing the Company to utilize 100% of its coal products from Kendal, while increasing and diversifying its sources of cash flow from operations. While these discussions are advancing, they have yet to realize a definitive agreement and may not come to fruition. It is, however, the Company's belief that opportunities like this, to turn waste product to energy are of significant potential benefit to shareholders and to the communities in which it operates.

The Company remains focused on its core strengths and assets - producing thermal coal and developing thermal coal deposits - as well as generating cash flow, responsibly deploying capital, maximizing cash balances and maintaining flexibility to acquire accretive projects where a strategic fit is proven. Homeland continues to seek disciplined organic growth and growth through strategic acquisition. The Company will continue to strive to improve the value and returns of its projects.

During these uncertain global economic times, the Company will remain committed to its growth and expansion plan with strict oversight given to minimizing business and operational risks, generating liquidity and containing costs and dilution to shareholders.

By 2011, management expects that Homeland will be a dramatically different company. Strategically-acquired energy projects in other mining-friendly jurisdictions will spread geographic risks, and investment in mine-mouth power plant opportunities for Kendal and Eloff will diversify cash flow sources. Each of these will be the culmination of strategic work began months or years ago by Homeland's qualified management and operations teams working toward a simple and clear plan to maximize shareholder value.

Homeland Energy Group Ltd. (TSX: HEG) is a coal producer with operations in the Witbank area of South Africa. The company also has a large-scale development property in South Africa and exploration interests in Southern Africa. Homeland continues to seek out interests in additional coal projects in South Africa and neighbouring countries as well as internationally. Homeland is a significant shareholder in Homeland Uranium Inc., a Canadian uranium exploration company focused on projects in Niger and the United States. Homeland also has an aggressive global acquisition strategy with a focus on energy resources. Homeland

Energy Group Ltd. is currently traded on the Toronto Stock Exchange under the symbol “HEG” with 274,650,688 common shares issued and outstanding. www.homelandenergygroup.com.

Forward-Looking Statements

“This press release contains or refers to forward-looking information, including statements regarding the estimation of mineral resources, exploration results, potential mineralization, exploration and mine development plans, timing of the commencement of operations and estimates of market conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to convert estimated mineral resources to reserves, the grade and recovery of ore which is mined varying from estimates at the Kendal Colliery, capital and operating costs varying significantly from estimates, the preliminary nature of metallurgical test results, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, political risks, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and the other risks involved in the mineral exploration and development industry. Forward-looking statements are subject to significant risks and uncertainties, and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances other than as required by law.”

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